

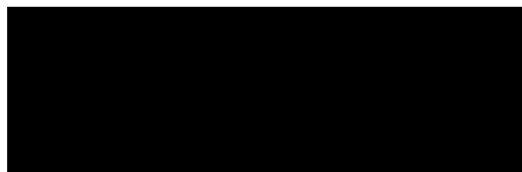
IAC-D-103/3  
4 October 1956

I N T E L L I G E N C E   A D V I S O R Y   C O M M I T T E E

First Semi-Annual Report of  
IAC Standing Committee on Exchanges

The attached First Semi-Annual Report of the IAC Standing Committee on Exchanges, dated 1 October 1956, will be placed on the agenda of an early IAC meeting, for noting.

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Secretary

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## IAC Standing Committee on Exchanges

### First Semi-Annual Report

#### I. Authorization

The IAC Standing Committee on Exchanges was established pursuant to IAC action of 28 February 1956, for the purpose of maximizing the intelligence yield from East-West delegation exchanges. IAC-D-103 has served as a guide and general terms of reference.

#### II. Organization

The Committee consists of representatives from the Departments of State, Army, Navy, Air Force, the Joint Staff, CIA, <sup>and</sup> AEC, and ~~USIA~~ USIA also attends on a regular basis. CIA provides the Chairman and the Secretariat. The Committee does not have a subcommittee structure but seeks the advice of existing substantive committees or subcommittees (EIC, SEC, JAEIC, GMIC) or appoints ad hoc groups for cases in which no extant group is competent.

#### III. Aims and Activities

The IAC Standing Committee on Exchanges has to date concentrated on three activities:

a. Advising the State Department on the intelligence potential of exchanges proposed by the Soviet Bloc and by individuals or groups in the US. This advice is supplied in response to State Department requests. The key factor is the statement weighing US intelligence gain against Bloc intelligence and technological gain. Such an estimate is normally considered to be an essential factor in the decision on exchange by the action agency. It is realized that many of the values necessary to solve such an equation are unknown. More of the pertinent facts should be available to the intelligence community, however, than to any

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other group. To marshal the available facts more effectively, the Committee refers each request to a group of substantive experts within the community. In a few cases the CIA member of a selected subcommittee has sought the advice of an Agency consultant.

In addition to an evaluation of net intelligence advantage (as defined in IAC-D-103), the subcommittee forwards suggestions for itineraries in the Bloc and sometimes indicates parallel installations in the US; nominates members for the US delegation; indicates what order of visits would have the greatest intelligence potential; names possible sponsors and puts forward other points for use in carrying out the exchange. In many cases these suggestions, particularly the itineraries, are made essential conditions of the basic evaluation.

Once a proposal is approved in principle, the implementation procedure, now apparently standard, begins with creation by the State Department of a planning group for each exchange. This group arranges for the necessary coordination throughout the government and advises on any arrangements within the US and on negotiations with the Bloc Nations. To provide the intelligence advice which is necessary during the planning period, the IAC Standing Committee appoints a technical consultant, usually a member of the substantive subcommittee which worked out the detailed advice to State, to sit on the planning group. The Committee also offers the good offices of the intelligence community in arranging details and delegations. For this purpose a member of [REDACTED] 25X1A sits as an observer on the planning group. Planning progress is reported to the Committee and major problems are tabled at the Committee meetings.

The intelligence aspects of East-West contacts involving individual travelers and conferences are not considered to be within the area of direct Committee responsibility. However, since many exchanges spring from contacts of individuals

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traveling privately or attending conferences, it is both necessary and inevitable that advice be rendered concerning these cases on occasion. Where a narrow interest makes it feasible, one agency considers the proposal, but a multiple interest may call for Committee action.

b. Suggesting exchange proposals for US initiative.

In the early phases of the East-West delegations exchange opportunity, a major deterrent to the operation of a well-rounded program was the absence of government-approved US proposals. This lack tended to weight the program in favor of the Soviets and left the US negotiators without their most effective weapon--a well-planned counterproposal. Accordingly, the Committee early reviewed about 55 exchange proposals by the members and selected ten subjects as feasible for East-West exchanges and as having substantial intelligence potential. These were referred to substantive groups for detailed analysis and planning, in the process of which some of the projects resulted in proposals for multiple exchange visits. As of 1 October 1956, sixteen exchange visits have been suggested to the State Department. Two subjects are still in subcommittee, and one has been combined with a subsequent Soviet proposal (details in Appendix B).

In September 1956, the State Department approved in principle five of the items calling for eight visits, and has formed, or is forming, planning groups to work out the details. The Committee is continuing its work on proposals for US initiative, supplementing the original so-called "10 Project Series," in an effort to provide the State Department with a constant stockpile of worthwhile proposals.

c. Coordinating intelligence interest and activities.

In the exploitation of exchanges, the Committee has been active in seeking the fullest possible intelligence yield. Reliance has been placed on existing facilities where they are adequate or can be adapted. With the great increase

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in number of East-West contacts (not all of which were exchanges) notification procedures became overstrained on occasion, and certain problems arose in connection with briefing and debriefing. The Committee has assured all interests that they would be notified and have an opportunity to air suggestions and complaints. It has been able to mitigate difficulties in many cases.

In particular, the Committee Status Report, which was initiated as a combination meeting agenda and newsletter on intelligence developments, has served as a weekly bulletin, not only informing Committee members and the intelligence community, but also enjoying a wide circulation in other parts of the government. The Committee Status Report was the sole document of its kind until 1 August, when the State Department East-West Contacts Staff began publishing a lengthy monthly status report. The Committee furnished the link between the action agencies and the intelligence users by maintaining regular contact with and providing support for the action desk in the Department of State.

#### IV. Prospects and Emerging Problems

The tempo of exchanges has been slow compared to the large number of East-West contacts at conferences and those of a private, unilateral nature. Experience both here and in other Western countries indicates that more promising intelligence targets can be visited if the Soviets are forced to enter bilateral negotiations. The Soviets have expressed a willingness to operate on the basis of reciprocal visits. Since the IAC Committee began operations, NSC 5607, East-West Exchanges, 27 June 1956, has enunciated an active and extensive exchange policy, and the State Department has created a special East-West Contacts Staff under a former ambassador in the capacity of a special assistant to the Secretary of State. Under the new NSC policy, it is expected that the volume of reciprocal exchanges will increase hereafter, and that many more of the Committee suggestions will be utilized.

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The Committee plans to assess the intelligence results of planned exchanges to date, and to bring the knowledge so obtained to bear on future suggestions to the State Department. The Committee considers that the intelligence gain from the US Automation Delegation, the Polio Exchange and the Housing Exchange has generally confirmed the judgments expressed in IAC-D-103 as to the value of the exchange program.<sup>1/</sup> All of these were negotiated prior to the Committee's existence, but have provided most of the pertinent experience so far. Intelligence exploitation of these has been completed so recently that a complete detailed assessment has not hitherto been possible.

The Committee also plans a special study covering all phases of the briefing and debriefing problem. Efforts will also be devoted to exploring the effectiveness of overt collection devices such as tying in documentary exchanges with the proposals.

To date, adequate and assured funding has not been available either for the whole exchange program or for intelligence support. The State Department now has funds to support a reserve of tour guides and interpreters for Bloc delegations visiting the US. CIA has a limited supply of funds that can be used; other agencies can finance only delegates having a direct connection (i. e., reserve officers, consultants, etc.). Thus, exchanges to date have been financed largely by appeals to private sponsors, and some projects have been abandoned when such appeals failed. While private sources should certainly be used to the maximum extent possible, the availability of private funds should not control a government program and government negotiations. The assurance of government funds, where necessary, would make possible a more effective and aggressive program, carrying the initiative to the Soviets, probing the weaknesses and taking advantage of opportunities for intelligence and other gains as they arise. An established fund would also provide better security for intelligence interests

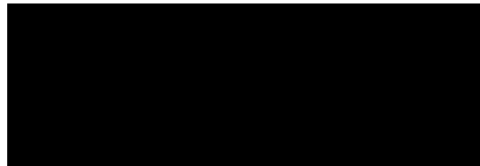
<sup>1/</sup> The US Automation Delegation yielded nine lengthy reports; the Polio Exchange, 27 reports; the Housing Exchange, 48 reports with eight more expected.

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by reducing the necessity for cumbersome and sometimes revealing fund transfers. Inasmuch as the creation of such a fund is not a matter for IAC action, the Committee has refrained from a specific recommendation of possible measures. We assume that, in any event, intelligence funds would continue to be available for special purposes closely related to intelligence, and that intelligence advice would continue to be sought and furnished on the execution of the funded program.

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Chairman  
IAC Standing Committee on Exchanges

1 October 1956

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Appendix A  
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Summary of Exchanges which the Committee has Considered

5 March 1956 - 10 September 1956

Title	Origin	Subcommittee	Advice to State	Status
Highway Engineering	Soviet	EIC	Under consideration	Turned down by State but door left open for counter-proposal. Awaiting Subcommittee report.
Mass Feeding	Soviet	-	Favorable	Exchange set for November 1956
Electric Power	Soviet	EIC	Favorable	Turned down by State for present on security considerations
Fertilizer/ Insecticides	Soviet	Ad Hoc	Favorable with restrictions	No sponsor available. Turned down.
Film Delegation	Private US	-	Marginal from intelligence view	State considering
National Academy of Sciences	Soviet	-	Favored 5 fields in the initial stage	NAS considering State advice
Medical - General	Soviet	<del>EIC</del> SAC	Favored 1 field; will review 3 more.	Planning going forward in State and PHS exchange proposed to USSR; awaiting reply.

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Appendix A, Cont'd

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Title	Origin	Subcommittee	Advice to State	Status
Communications	Soviet	EIC	Unfavorable because covered by Committee suggestion	State turned down but left door open for reconsideration.
Plastics	Soviet	Ad Hoc	Unfavorable	Turned down on basis of late visa applications
Red Cross	Private US	-	Approved by State prior to existence of Committee	US group to USSR. Soviet visit began 12 September.
Hybrid Corn	Soviet	EIC	Favorable	Soviets turned down US counterproposal
Housing	Soviet	-	Favorable	Completed. Soviet group came to US in 1955; US group to USSR in summer 1956.
National Council of Churches of Christ	Private US	-	Approved by State prior to existence of Committee	Completed
Auto Engineers	Soviet	Ad Hoc	Favorable	Approved in principle. Planning is beginning.
Auto Executives	Private US	-	Unfavorable	Withdrawn by sponsor on advice from State

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Appendix A, Cont'd

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Title	Origin	Subcommittee	Advice to State	Status
Aviation and Elec. Executives	Private US	-	Unfavorable	Withdrawn by sponsor on advice from State
Rumanian Ministry of Chemistry	Rumanian	Ad Hoc	Unfavorable	Rumanians arrive on 12 September
Society of Business Magazine Editors	Private US	-	Unfavorable	Reciprocity not agreed. Unilateral visit by US group.
Reclamation	US	EIC and Ad Hoc	Under consideration	Awaiting Subcommittee report
Peat Utilization	US (Member of Congress)	EIC	Pointed out least disadvantageous alternative	Planning going forward in State
National Manpower Council	Private US	EIC	Favorable	State has action
Engineering Education	Private US	SEC	Favorable	State has action
HEW Education	US	SEC	Favorable with suggested modification	State considering

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Appendix A, Cont'd

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Title	Origin	Subcommittee	Advice to State	Status
Ferrous Metals	Soviet	EIC	Favorable	( State told Soviets that some-
Mining Industry	Soviet	EIC	( Suggested further clarifi-	( thing could be worked out
Non-Ferrous Metal	Soviet	EIC	( cation of Soviet request	( and asked for a detailed
				( request.
Coal Industry	Soviet	EIC	Favorable	( Coal approved in principle.
Chemical Industry	Soviet	EIC	Unfavorable	( Planning will begin when
Heavy Machinery	Soviet	EIC	Favorable	( Soviets reply.
National Sales	Soviet	-	Little intelligence interest	Under consideration in State
Executives			seen	
Polish Housing	Poland	-	Deferred	State was not approached
				officially
Geochemical	Private US	Ad Hoc	Favorable in altered form	Soviets invited - no reply
Printing Industry	Private US	-	Favorable with modifica-	State considering
			tions	
Candy Manufacturing	Private US	-	No interest expressed	State has action

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Appendix B  
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Proposals Initiated by the IAC Standing Committee on Exchanges

Field	Duration	Subcommittee	Status
Petroleum	5 weeks	EIC	Forwarded to State 21 May 1956 and approved in principle about 26 September 1956
Railroad Transportation		EIC	Forwarded to State 1 June 1956 and approved in principle. Planning is beginning.
a. Operations	30 days		
b. Rolling Stock Mfg.	30 days		
c. Railroad Construction	30 days		
Electronics Manufacture	1 Mo. (Approx)	EIC	Forwarded to State 13 June 1956 and approved in principle. Planning is beginning.
Telecommunications	1 Mo. (Approx)	EIC	Forwarded to State 21 June 1956 and approved in principle. Planning is beginning.
Shipbuilding		EIC	Forwarded to State 17 July 1956 and approved in principle. Planning is beginning.
a. Theoretical	1 Mo. (Approx)		
b. Practical	1 Mo. (Approx)		

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Field	Duration	Subcommittee	Status
Agricultural		EIC	Forwarded to State 17 July 1956
a. Field Crops & Farm Machinery	6 weeks		
b. Animal Husbandry	6 weeks		
c. Soils, Fertilizers, Conservation (including irrigation and drainage) Climatology			
d. Food Processing	6 weeks		
e. Forestry	6 weeks		
f. Agricultural Education & Economics	6 weeks		
Governmental Economic Administration	1 Mo. (Approx)	EIC	Forwarded to State 14 August 1956
Civil Air Operations		EIC	Forwarded to State on 18 September 1956
Geodesy		Ad Hoc	In Subcommittee
Guided Missiles		GMIC	In Subcommittee
Steel		EIC	Integrated with work on subsequent Soviet proposal

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